



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2011 Biennium

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|-------------------------|----------------------|----------------|-----------------------------------|
| Bill # | HB0323 | Title: | Revise law on uninsured motorists |
| Primary Sponsor: | Himmelberger, Dennis | Status: | As Introduced |

- | | | |
|-----------------------------------------------------------|------------------------------------------------------------------|----------------------------------------------------------|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

| | <u>FY 2010 Difference</u> | <u>FY 2011 Difference</u> | <u>FY 2012 Difference</u> | <u>FY 2013 Difference</u> |
|-----------------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Expenditures: | | | | |
| General Fund | \$27,770 | \$30,475 | \$31,768 | \$32,961 |
| Revenue: | | | | |
| General Fund | \$223,313 | \$297,750 | \$297,750 | \$297,750 |
| Net Impact-General Fund Balance: | <u>\$195,543</u> | <u>\$267,275</u> | <u>\$265,982</u> | <u>\$264,789</u> |

Description of fiscal impact:

The increase in the number of license suspensions as well as the increase in fine penalties results in a positive impact on the general fund.

HB 323 is one of several bill drafts that seek to modify motor vehicle laws and therefore the motor vehicle licensing system (MERLIN). The fiscal note for each bill will be prepared based on the effect of the individual bill. However, when viewed as a package, the cumulative effect of passage of more than one bill will require additional analysis and may provide opportunities to share or redistribute costs.

FISCAL ANALYSIS

Assumptions:

Department of Justice – Motor Vehicle Division

1. Current statute requires driver license suspension for fourth and subsequent no insurance convictions and vehicle registration suspension for the second and subsequent offenses. This bill changes the penalties of no insurance convictions to require driver license suspension with the first or subsequent offenses.
2. In 2008, there were 13,092 no insurance convictions. Of those convictions, 2,233 were a second or subsequent offense and 155 were a fourth or subsequent offense.

3. It is estimated that with the passage of HB 323 there will be an increase in the number of suspensions of driver licenses from 155 to 10,000 per year for insurance related convictions. It is estimated that of the new suspensions, there will be a reinstatement rate of 8,000 per year.
4. The passage of this bill would require an increase in staffing levels of 1.00 FTE License Permit Clerk to process the increased amount of suspension and reinstatements. It is assumed the new clerk will need to start October 1, 2009.
5. Personal services expenses are estimated to be \$22,470 in FY 2010, \$30,475 in FY 2011, \$31,768 in FY 2012, and \$32,961 in FY 2013.
6. One-time operating expenses for new employee office packages (\$1,200) and new computer equipment (\$1,400) for the new FTE would be \$2,600 in FY 2010 only. Additionally, there would be one-time network and telecommunications wiring installation (\$300).
7. With the increase in suspensions, there will be an increase in the amount of revenue based on the reinstatement fees of \$100.00 associated with suspensions of driver licenses. Of the 8,000 estimated reinstatements, it is assumed 67% (or 5,360) will represent multiple suspensions of single drivers' licenses. And, because a driver would only have to pay one reinstatement fee (regardless of the number of suspensions currently on it), it is assumed a reinstatement fee will be collected for only 33% (or 2,640). Therefore, the general fund revenues would increase \$264,000 annually [$2,640 * \100.00 reinstatement fee = \$264,000]. Due to the effective date of HB 323 (10/1/2009), the revenue for FY 2010 would be \$198,000 [$\$264,000 * 0.75$ year = \$198,000] and \$264,000 the following fiscal years through the 2013 biennium.

Department of Justice - MHP

8. Currently, the fine for a second offense is \$350. HB 323 would increase the fine to \$500 which would result in an increase of \$150 for each citation written. When a citation is written, the revenue is split between the state general fund and the county in which the citation is written. Therefore, of the \$150 increase, \$75 would be transferred to the state general fund and \$75 to the county.
9. It is assumed that the MHP will issue approximately 200 citations for second offenses per year for an increase in the contribution to the general fund of \$15,000 per year [200 violations * \$75 = \$15,000]. Because of the effective date of HB 323 (10/1/2009), the revenue for FY 2010 is estimated to be \$11,250 [$\$15,000 * 0.75$ year = \$11,250].
10. Currently, the fine for a third or subsequent offense is \$500. This bill would increase the fine to \$1,000 which would result in an increase of \$500 for each citation written. The revenue is split with the county in which the citation is written -- \$250 of the increase to the general fund and \$250 to the county.
11. It is assumed that the MHP will issue approximately 75 citations for third or subsequent offenses per year for an increase in the contribution to the general fund of \$18,750 per year [75 violations * \$250.00 = \$18,750]. Because of the effective date of HB 323 (10/1/2009), the revenue for FY 2010 is estimated to be \$14,063 [$\$18,750 * 0.75$ year = \$14,063].

Department of Justice - JITSD

12. The surrendered license business process will be followed.
13. Haley Business Rules Engine will be the input mechanism to make the necessary license suspension business rules updates.
14. The current business process to suspend vehicle plates and registrations will be followed.
15. The Montana Enhanced Registration and Licensing Information Network system configuration and testing will be contracted by JITSD to its contractor. The estimated total cost of this programming is \$2,400.

| | <u>FY 2010 Difference</u> | <u>FY 2011 Difference</u> | <u>FY 2012 Difference</u> | <u>FY 2013 Difference</u> |
|-----------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| <u>Fiscal Impact:</u> | | | | |
| FTE | 1.00 | 1.00 | 1.00 | 1.00 |
| <u>Expenditures:</u> | | | | |
| Personal Services | \$22,470 | \$30,475 | \$31,768 | \$32,961 |
| Operating Expenses | \$5,300 | \$0 | \$0 | \$0 |
| TOTAL Expenditures | <u>\$27,770</u> | <u>\$30,475</u> | <u>\$31,768</u> | <u>\$32,961</u> |
| <u>Funding of Expenditures:</u> | | | | |
| General Fund (01) | \$27,770 | \$30,475 | \$31,768 | \$32,961 |
| <u>Revenues:</u> | | | | |
| General Fund (01) | \$223,313 | \$297,750 | \$297,750 | \$297,750 |
| <u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u> | | | | |
| General Fund (01) | \$195,543 | \$267,275 | \$265,982 | \$264,789 |

Effect on County or Other Local Revenues or Expenditures:

1. For each citation written, half of each fine is given to the county in which the violation occurred. The effect on the counties would be equivalent increases to that of the state general fund.

Technical Notes:

1. It is unclear as to what action (if any) is necessary upon the cancellation of an insurance policy that was used as proof of insurance to reinstate the driver's license.

*Sponsor's Initials*_____
*Date*_____
*Budget Director's Initials*_____
Date